

REMARKS

After entry of the foregoing amendment, claims 1-5 and 18-28 remain pending in the application.

Applicants have canceled claim 14 to better focus the issues on appeal. They reserve the right to pursue claims of commensurate scope in a related application.

Section 112, Para. 2

Claim 1 stands rejected under 35 USC 112, second paragraph. A clarifying amendment is made in response. No change in claim scope is intended. This amendment could not have been made earlier because the rejection was introduced in the Final Action.

Section 112, Para. 1

The new rejection of claims 1-5 and 14 (and 18-28) under 35 USC 112, first paragraph is respectfully traversed.

The Action states "...the specification provides no details of how the [security] document is recognized."

The Action acknowledges, however, that the specification is enabling "for decoding ACS marks on a document."

The specification explicitly teaches that a security document can be detected by reference to a "special" mark which is added to security documents:

Security document detection relies on a special digital watermark, termed an Anti-Counterfeiting System (ACS) mark, which is added to security document designs. Such marking does not distract from the aesthetics of the security document, yet is readily and reliably detected during typically operations on a personal computer system. The ACS marks can be added to existing security document designs without changing the artwork (e.g. by pre- or post-processing the note to provide texture- or ink-markings). New designs can incorporate the watermarks as an integral part of their artwork.¹

Thus, the specification provides enabling support for recognizing a security document, e.g., by its teachings concerning recognizing a feature that is associated with security documents.

¹ Specification, page 2, lines 8-14.

Moreover, this is not the only way of recognizing a security document enabled by applicants' disclosure. The specification also teaches recognition of a security document by other techniques, e.g.:

Similarly, while the invention has been illustrated with reference to digital watermark-based recognition of documents, other document recognition techniques can be employed in other embodiments. For example, there is a vast literature on photocopiers that recognize banknotes by reference, e.g., to spectral characteristics, visible pattern recognition (e.g., Bank of Japan seal), the word CONFIDENTIAL, etc.²

Such techniques are further detailed in patent 6,449,377 and others of the documents incorporated by reference.

The Examiner has expressed his view that an artisan in the present field has a Masters or Doctorate in electrical engineering, computer engineering, computer science, or physics (a view applicants neither affirm or refute). But with this level of skill as a premise, it is dubious that such an artisan could not recognize a security document, given the present specification's teachings.

Accordingly, to limit the issues presented to the Board, the Examiner is asked to withdraw his contention that "the specification provides no details of how [a security] document is recognized."

Section 103: Claims 1-5 and 14

It is important – in many of the applications detailed in the specification – to distinguish a security document (e.g., a \$20 bill) from a document that is not a security document (e.g., a child's drawing).

Neither of the references cited by the Examiner in his rejection of claims 1-5 and 14 (now canceled) concerns this issue of distinguishing security documents from non-security documents.

The Examiner correctly states that Russell does not teach recognizing a security document.

Mowry discloses a security document having glyph-encoded information. But he does not teach (or suggest) that such glyph encoding is a characteristic by which a

² Specification, page 9, lines 12-20.

security document can be distinguished from a non-security document.

The Action states "Mowry does teach recognizing a security document." But no such teaching is found in the specification. Indeed, the only instance of the word "recogn..." in the specification is at column 11, line 30 (which notes that glyphs are not recognizable to the eye).³

Again, the Examiner is requested to withdraw this rejection prior to consideration by the Board.

Section 103: Claims 18, 19, 23-27

The rejections based on Witschorik and Durst are respectfully traversed.

Claim 18 (from which claims 24-27 directly or indirectly depend) requires contacting a web site that provides information concerning reproduction of a government-issued security document.

Neither of the references teaches or suggests this.

The cited teachings of Witschorik seem to relate to contacting a security computer in a process to determine whether a suspect document is a government-issued banknote. But in the presently-claimed arrangement, a remote computer (i.e., web site) is not contacted until a government issued security document is first recognized. (Indeed, it is the recognition of such a document that prompts contacting a web site.)

Moreover, the excerpts to Durst are not understood. In matching Durst's disclosure to applicants' claims, the Examiner maps elements as follows:

Claim Language	Cite	Text at Cite
<i>in response to recognition of such a [government-issued security] document, contacting a web site</i>	Col. 4, ll 65-67	For example, if the vendor wants the end-user to be able to access the vendor's Web site automatically upon scanning the symbol 12, then the parameters included in the machine-
<i>that provides information regarding reproduction of the document</i>	Col. 8, ll 35-40	to indicate when the particular request was received. This information is quite valuable to the vendor, since it enables it to determine the name and other useful information relating to users who have accessed its Web site. This information

³ Other points that might be made concerning claims 1-4 and 14 are not here belabored in view of the noted failure of the rejection.

		may also be utilized by file generation and storage means 50 to dynamically determine the file or files [to be sent back to the client computer]
--	--	--

The Examiner seems to misunderstand claim 18, judging from the rationale proposed for combining Witschorik and Durst. The Action states:

It would have been obvious to one of ordinary skill in the art to use the website accessing system of Durst with the security code number validating system of Witschorik to eliminate counterfeiting by instantly confirming the authenticity of the exchanged dollar and to provide output messages to the user regarding whether the dollar under test has been reproduced."

The claim is not directed to confirming the authenticity of a security document, nor to informing the user whether a security document has been reproduced. Rather, it is directed to a method that includes contacting a web site that provides information concerning reproduction of a government-issued security document – a limitation as to which both of the references are silent.

Reconsideration is requested.

Claims 19, 23 and 28 are rejected on the same art, plus Gruhl.

Gruhl does not redress the shortcomings noted above.

Moreover, Gruhl does not seem to be correctly applied. Claim 19, for example, requires contacting a web site that provides information about counterfeiting and penalties. Claim 23 requires contacting a web site that provides guidelines for legitimate use of security document designs. Gruhl identified U.S. laws concerning use of banknote images by footnote references to web pages where the statutory guidelines are set forth. However, the Action wrongly implies that such web sites are part of a process suggested by Gruhl, when they are not.

Claims Not Rejected on Art

It appears no art-based rejection has been raised against claims 20-22.

Long-Felt Need; Commercial Success

The Office will recognize that banknote counterfeiting is a longstanding problem

of increasingly enormous proportions. With the widespread availability of scanners and inkjet printers, essentially anyone can be a counterfeiter.

The news commonly reports on casual counterfeiting, e.g., by high school students. Many of these persons do not realize the harsh criminal penalties that await them if they are caught.

A related issue is that some persons have a legitimate need to use banknote artwork (e.g., advertising agencies who wish to use banknotes as backgrounds for a financial services ads) but do not commonly know the rules governing use of banknote imagery. They can thus commit serious federal offenses unwittingly.

The rules for permitted use vary from country to country, complicating the education problem.

Recent usenet newsgroup reports indicate that certain computer tools (e.g., image processing software) now recognize banknote images, and provide a link to a web site where rules explaining permitted uses are detailed, in the manner claimed in the present application

That web site is www.rulesforuse.org.

A Network Solutions 'whois' domain look-up on rulesforuse.org shows that the domain registration is owned by the European Central Bank.

The web site has a list of countries along the left margin. Clicking on any gives a summary of usage rules for banknote imagery, usually published by the central bank of that jurisdiction.

Going to www.google.com, clicking on the 'Groups' tab, and searching for "rulesforuse.org" will reveal some of the usenet newsgroup threads dealing with this web site, and how links thereto are provided when banknote artwork is scanned or processed.. (Many of the threads are in German. Translation of German web pages is freely available through <http://babelfish.altavista.com/>.)

Applicants submit that such adoption of the technology by the European Central Bank is evidence of commercial success.

Attached to illustrate the foregoing are printouts of:

- the www.rulesforuse.org web site
- the Network Solutions 'whois' search results, showing ownership of

rulesforuse.org by the European Central Bank

- the web page resulting when the 'Australia' link on the www.rulesforuse.org web page is clicked (that resulting web page is <http://www.rba.gov.au/CurrencyNotes/LegalFramework/representation.html> and is published by the Reserve Bank of Australia, the central bank for that country
- a usenet newsgroup report in English concerning linking to this page when a banknote image is loaded in PaintShop Pro 8 (PSP8) (<http://groups.google.com/groups?q=%22rulesforuse.org%22&hl=en&lr=&ie=UTF-8&oe=UTF-8&selm=yt7V4B\yUv7%2BEwtD%40braeburn.demon.co.uk&rnum=2>)
- a web newspaper clipping entitled "Counterfeiting Tempting For Teens" (<http://www.dailymail.com/news/Money/200305165/>)

Favorable reconsideration and passage to issuance are solicited.

Date: August 19, 2003

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Respectfully submitted,

DIGIMARC CORPORATION

By

William F. Conwell

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Photos/Graphics: Secret Service agent inspects bill

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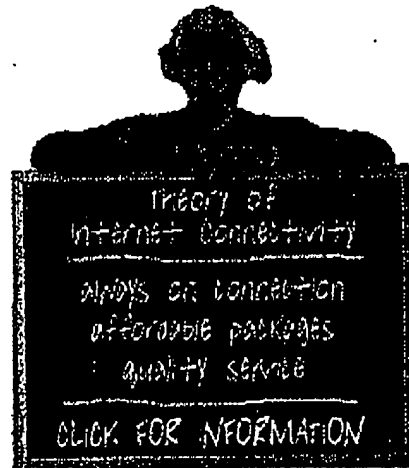
Local case a reminder for
parents to discuss issue

Chris Stirewalt <cstire@dailymail.com>
Daily Mail Staff

Friday May 16, 2003; 11:00 AM

Many parents were shocked recently when a George Washington High School student was accused of making counterfeit money and trying to pass it off to a pizza delivery driver.

But local Secret Service agents say that nearly half of all counterfeit money is made on computers and that many kids succumb to the temptation of their computer skills to make phony bills. Agents say parents are usually the last ones to know that this illegal activity is going on.



"Many times it ends up with a bad scene when we have to go knock on their door and tell the parents what's been going on," said Matt Rugh, the resident agent in charge of the Secret Service's Charleston office. "The parents' response is often total disbelief."

"They can't imagine that their child would be involved in anything like that, but when we go up into the child's bedroom and there is the image of the bill still on the computer they see what's been going on."

Officials have not said what method the George Washington students used to make money.

Rugh said that probably 40 percent of all counterfeit money in West Virginia is computer generated — mostly from ink jet printers and color copiers. A substantial portion of that funny money comes from juveniles, he said.

Rugh said that many counterfeiting crimes arise out of curiosity, with normally law-abiding people wondering if it were possible to make a bogus bill.

"There is a great deal of temptation for people. They have access to this technology and it may seem like what you're doing on your computer is separate from reality," Rugh said. "But once you undertake to make a counterfeit bill, you've crossed a very serious line."

Much of the counterfeit money being circulated is made the traditional way by career criminals. It is printed on a press using basic technology. But Rugh said that an increasing percentage is homemade.

Every month, the Charleston Resident Office takes in somewhere between \$2,000 and \$3,000 in fake currency from all over the state. While Rugh acknowledges that the money seized is only a fraction of all the bum bills being passed, he says that the currency supply is not badly tainted.

"We're talking about an extremely small percentage of the total number of bills," Rugh said. "Nationally, we're talking about maybe one or two out of every 10,000."

But the way the Secret Service and federal prosecutors are able to keep the numbers low is by taking each case seriously.

While Rugh said that juvenile counterfeiters aren't prosecuted in federal court, he and his agents work closely with state officials to make sure they have the evidence they need to win convictions. The suspect's computer would most likely be seized and face close scrutiny if another investigation pointed back to them.

"For juveniles and smaller offenders -- a couple of hundred dollars -- we turn to the local authorities for help," Rugh said. "The U.S. Attorney's office is going to focus on larger offenses, but we can and do work with local agencies to help build cases."

Those who face federal prosecution can face prison terms of up to 20 years.

Rugh said the rollout of a new \$20 bill this week with added security highlights how individuals can help stop counterfeiting. Clerks, bartenders, cashiers and bank tellers all need to know how to tell real money from fake.

The security strip on the left hand side of the bill, the watermark that can be seen when a bill is held up to the light, the detail of the printing and special paper all denote a real bill. The new \$20 bill also has some subtle color differences to make reproduction harder.

Much of the counterfeit money that came into the local office in the last month had none of the special characteristics, but still managed to get passed.

Bills made with inkjet printers, the kind most often turned out by home counterfeiters, are detectable by the subtle spray pattern all over the bill. Instead of the ink lines being crisp, there are minute droplets of colored ink all over the note.

"Part of our job is to inform people about what to be looking for in the bills," Rugh said. "The way people most often get caught is when a clerk or someone else takes the time to look for the security features."

Rugh said that it's up to parents to talk to their computer-savvy children about counterfeiting.

"It's something very serious that parents may not think about and juveniles may not understand," Rugh said. "You've got to be aware of what's going on and lay it all on the table for your kids."

Writer Chris Stirewalt can be reached at 348-4824.

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 Eurotower Kaiserstrasse 29
 FRANKFURT, FRANKFURT 160319
 DE

Domain Name: RULESFORUSE.ORG

Administrative Contact, Technical Contact:

EUROPEAN CENTRAL BANK (EC2410-ORG) no.valid.email@worldnic.net
 Eurotower Kaiserstrasse 29
 FRANKFURT, FRANKFURT 160319
 DE
 4969 13447439

Record expires on 21-Oct-2006.

Record created on 22-Oct-1999.

Database last updated on 19-Aug-2003 18:03:30 EDT.

Domain servers in listed order:

AUTH111.NS.UU.NET 198.6.1.115
 AUTH120.NS.UU.NET 198.6.1.154

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REPRESENTATIONS/REPRODUCTIONS OF AUSTRALIAN CURRENCY NOTES



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Section 19 of the *Crimes (Currency) Act 1981* ("the Act") prohibits the designing, making, printing or distributing of representations of currency notes capable of misleading people to believe they are genuine currency notes, unless consent has been given by either the Reserve Bank or Treasury. As a general rule, such consent is not given on the grounds that representations that are capable of misleading should not be made. The legislation covers representations of all Australian currency notes, both present and past, as well as representations of foreign paper money and certain government and similar securities. The relevant extract from the Act is set out below.

Consent is not required for a representation that is not capable of misleading. However, the legislation places an obligation on those wanting to make the representation to ensure that it is not capable of misleading the public into believing it is a genuine currency note. It follows that, if representations are made, there may be risks for those involved. Unauthorised representations that mislead, or are considered capable of misleading, could be expected to bring severe penalties under the counterfeiting provisions of the Act. Voucher-style representations are of particular concern because sometimes they are produced very inappropriately in a format that is too close to the size of a real note and of a similar colour. The Reserve Bank will not give a view on whether a particular representation is likely or unlikely to mislead.

Whilst those wanting to make a representation may take the view that the final product does not contravene the Act, consideration should also be given to risks that can arise from items created during the process by which the final product will be achieved. Those making representations should ensure that items such as photocopies, photographic negatives and positives, and scanned images stored on optical disks, graphics files or other equipment are stored securely and not misused. There might be scope for these to be used to make further representations not connected with the intended final product. The Bank strongly recommends the destruction of all such items after final use.

Persons making reproductions of currency note designs should also be aware of the Copyright Amendment (Moral Rights) Act, which came into effect from 21 December 2000. This Act recognises certain rights of the designer, including the right not to have work altered in a prejudicial way, known as "right of integrity". This "right of integrity" is a right not to have the note subjected to derogatory treatment. Derogatory treatment would include doing anything that is prejudicial to the author's honour or reputation.

Section 16 of the Act also prohibits the defacing or destroying of Australian coin or currency notes unless consent has been given by either the Reserve Bank or Treasury. As a general rule, such consent is not given on the grounds that currency notes or coin should not be destroyed or defaced. The legislation covers all Australian currency notes, both present and past. See the relevant extract from the Act below.

Subject to Sections 16 and 19 of the *Crimes (Currency) Act 1981*, the Bank will generally not raise objections to the use of currency note reproductions in advertising or other material. Exceptions include reproductions relating to products that the public might perceive to be similar in nature to currency notes, eg credit/debit/phone/smart cards, etc.

If you are unsure of your position on any of the issues referred to above or on the correct interpretation of relevant legislation, we recommend you obtain legal advice.

EXTRACT FROM CRIMES (CURRENCY) ACT 1981

Defacing or destroying current coins or current paper money

16. A person shall not, without the consent, in writing, of an authorised person, wilfully deface, disfigure, mutilate or destroy any coin or paper money that is lawfully current in Australia.

Penalty:

- (a) in the case of a person, not being a body corporate - \$5,000 or imprisonment for 2 years, or both; or
- (b) in the case of a person, being a body corporate - \$10,000.

Persons not to design, make, print or distribute material of certain kinds

19. A person shall not, without the consent, in writing, of an authorised person, design, make, print or distribute:

- (a) a business or professional card, notice, placard, circular, hand-bill, poster or other material that so resembles current paper money or an Australian prescribed security as to be capable of misleading a person into believing it is that current paper money or that Australian prescribed security; or
- (b) a newspaper, journal, magazine, notice, placard, circular, hand-bill, poster, business or professional card or other material that includes a representation of current paper money or an Australian prescribed security that is, when detached from the newspaper, journal, magazine, notice, placard, circular, hand-bill, poster, business or professional card or other material in which it is included, capable of misleading a person into believing that it is that current paper money or that Australian prescribed security.

Penalty:

- (a) in the case of a person, not being a body corporate - \$5,000 or imprisonment for 2 years, or both; or
 - (b) in the case of a person, being a body corporate - \$10,000.
- (2) Where an authorised person gives a consent for the purposes of sub-section (1), he may give that consent either unconditionally or subject to such conditions as he thinks appropriate.
- (3) In this section, "Australian prescribed security" does not include a prescribed security, being a bond, debenture, stock, stock certificate, treasury bill or other like security, or a coupon, warrant or document for the payment of money in respect of such a security, issued by, or with the authority of, the government of a country other than Australia.

Import and export of certain material forbidden

20. A person shall not, without the consent, in writing, of an authorised person, import into Australia or export from Australia:

- (a) any business or professional card, notice, placard, circular, hand-bill, poster or other material of the kind referred to in paragraph 19(1)(a); or
- (b) any newspaper, journal, magazine, notice, placard, circular, hand-bill, poster, business or professional card or other material of the kind referred to in paragraph 19(1)(b).

Penalty:

- (a) in the case of a person, not being a body corporate - \$5,000 or imprisonment for 2 years, or both; or
- (b) in the case of a person, being a body corporate - \$10,000."

Note: "Paper money" means money comprising a note written, printed or otherwise made on paper or any other material.

Paper money shall be taken to be current paper money if it is lawfully current in Australia or in a country other than Australia by virtue of a law in force in Australia or in that country, as the case may be.

All Australian notes, of both present and all past issues, are lawfully current in Australia.

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From: [Bernard Hill \(bernard@braeburn.co.uk\)](mailto:bernard@braeburn.co.uk)

Subject: Bank notes and PSP8

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I discovered something to my surprise yesterday.

I am fascinated by money. Not only in the usual sense, but also in a currency sense and purely for my own interest for some years I have been keeping scans of various UK bank notes on my computer.

I have not been printing these nor using them in any way, they come up full-screen in my screen saver :-)

I can Browse them OK in PSP8, but when I try to load some of them I get this message:

"This application does not support the unauthorised processing of banknote images. For more information, select the information button below for internet-based information on restrictions for copying and distributing banknote images or go to www.rulesforuse.org"

Fascinating!

However:

- a) for England, at least, as long as I do not print these images I am apparently within the law.
- b) Scotland is not mentioned.
- c) Assuming I register for use PSP8 will still not allow me to edit or print the image.

But the most interesting thing is that PSP8 contains some optical recognition algorithms. I find that quite surprising in itself.

The modern Bank of England notes are recognised, the older ones aren't and none of the 3 Banks of Scotland notes are recognised.

Bernard Hill
Braeburn Software
Author of Music Publisher system
Music Software written by musicians for musicians
<http://www.braeburn.co.uk>
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